



**Investments in Building Energy Efficiency
In the Economic Recovery Bill
February 13, 2009**

Summary and Overview

The American Recovery and Reinvestment Act of 2009 (“economic recovery bill”) provides unprecedented funding for building energy retrofits.

Most of the money will be provided through a range of new and existing federal programs administered by the Department of Energy (DOE) and the Department of Housing and Urban Development (HUD).¹ The agencies will allocate a substantial share of funding by formulas to states and cities, which will have the ability to support nonprofit and other organizations and specific local projects and initiatives.

Some of the money will be available nationally through competitive processes that federal agencies must develop. In many cases, additional guidance will also be required to specify how funds could be utilized and the criteria (e.g., energy performance standards) that will apply. The federal agencies will start developing those rules right away in order to be able to commit funds by the fall if not sooner.

Major Investments

Public housing. \$4 billion is available for the rehabilitation of public housing units. Of this amount, \$1 billion will be available specifically for energy retrofit improvements. These funds will be administered through a new competitive program administered by HUD. The balance of funding will be awarded by formula to local housing authorities through the Public Housing Capital Fund; energy retrofits will be eligible uses of these funds as well.

Privately owned “HUD-assisted” housing. \$250 million is available to provide grants or loans to owners of “HUD-assisted” housing, including Housing for the Elderly (Section 202), Housing for Persons with Disabilities (Section 811) and Project-Based Section 8 units. These funds will be administered through a new competitive process or program administered by HUD.

Low-income home weatherization. \$5 billion is available for the Weatherization Assistance Program (WAP), administered by DOE. Funds are allocated by formula to states. The eligibility for WAP assistance is expanded by increasing the maximum income to 200 percent of the poverty level from 150 percent. The allowable level of investment per home is increased to \$6,500 from roughly \$3,000.

State and local energy efficiency and conservation initiatives. \$3.2 billion is available for a new Energy Efficiency and Conservation Block Grant program. This program will be administered by DOE. Of the amount appropriated \$2.8 billion will be distributed by formula to local governments and the remaining \$400 million awarded “on a competitive basis.” Eligible uses of funds will include financial incentives for energy efficiency improvements, grants to non-profit organizations to perform

¹ The bill also provides flexible funding to states for school construction, including energy retrofits, and to the General Services Administration to “green” federal buildings.



energy efficiency retrofits, programs to conserve energy used in transportation, developing and implementing building codes and inspection services, building energy audits, installing light emitting diodes and delivering onsite renewable energy in government buildings.

Additional funding for state energy efficiency projects. \$3.1 billion is available for the State Energy Program. This program provides grants to state energy offices. Funds will be available to support residential, commercial and public building energy efficiency retrofits, as well as efforts to adopt emerging renewable energy and energy efficiency technologies.²

Green community programs. The bill authorizes \$2.4 billion in new authority for Qualified Energy Conservation Bonds to finance State, municipal and tribal government programs and initiatives designed to reduce greenhouse gas emissions. These bonds may be issued to make loans and grants for capital expenditures to implement “green community programs,” including loans and/or grants to individual homeowners to retrofit existing housing and programs in which utilities provide ratepayers with energy-efficient property and recoup the costs of that property over an extended period of time.

Energy Efficient Existing Homes (no income limit). The bill extends the current law tax credit for improvements to energy-efficient existing homes through 2010. For 2009 and 2010, the bill will increase the amount of the tax credit to thirty percent of the amount paid or incurred by the taxpayer for qualified energy efficiency improvements during the taxable year. The bill will also eliminate the property-by-property dollar caps on this tax credit and provide an aggregate \$1,500 cap on all property qualifying for the credit.

Energy-efficient appliances rebates. \$300 million is available through DOE for states to provide rebates to consumers who replace appliances with Energy Star models.

Green jobs. \$500 million is available for a “green jobs” training and workforce development program administered by the Department of Labor (DOL). The agency will provide competitive grants to support projects that prepare workers for careers in the energy efficiency and renewable energy industries specified in the Green Jobs Act of 2007, including training for work supported by other economic recovery funds such as retrofitting of buildings, green construction and the production of renewable electric power.

For more information:

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² The bill also authorizes DOE to provide supplemental funding to states if they provide DOE “necessary assurances that the following will occur: The applicable State regulatory authority will seek to implement appropriate proceedings for each electric and gas utility, with respect to which the State regulatory authority has ratemaking authority, a general policy that ensures that utility financial incentives are aligned with helping their customers use energy more efficiently and that provide timely cost recovery and a timely earnings opportunities for utilities associated with cost-effective measurable and verifiable efficiency savings, in a way that sustains or enhances utility customers' incentives to use energy more efficiently.”